

VERIZON TO CHANGE VARIOUS TELEPHONE RATES UNDER PRICE CAP FILING

Jefferson City (November 9, 2000)---GTE Midwest, Inc. d/b/a Verizon will be changing a number of their telephone charges under a price cap filing approved by the Missouri Public Service Commission.

In 1996, the Missouri Legislature passed and the Governor signed a bill (Senate Bill 507) which granted pricing flexibility (called price cap regulation) to certain telephone companies such as Verizon, if those companies could demonstrate that an alternative local telephone company was providing basic local telephone service in its service territory.

Verizon demonstrated to the Missouri Public Service Commission in February of 1999 that competition existed within its service territory. As a result, Verizon was given price cap regulation joining Southwestern Bell Telephone Company and Sprint as telephone companies in Missouri under such regulation. **Under price cap regulation, these companies are no longer required to file a rate case with the Missouri Public Service Commission to change its rates for various services.**

Under the state law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those changes comply with the law.

As part of the 1996 state law, Verizon's rates were frozen until January 1, 2000. After that date, prices could change either up or down annually according to two relatively conservative government price indexes, which are based on the price of telephone services throughout the country. This standard should cause rate levels to remain affordable.

The 1996 state law allows Verizon to raise local rates by no more than \$1.50 a year up to a maximum overall increase of \$6.00 over a four-year period. However, those revenue increases are to be offset by decreases in access charges paid to Verizon by long-distance carriers for access to the Verizon telephone system to carry a long-distance call. In addition, an increase in basic local telephone rates must be accompanied by a 10 percent reduction in IntraLATA long-distance toll rates.

As a result of the Verizon's filing, basic monthly telephone rates will increase by between \$1.30 and \$1.43 a month for one-party residential customers and by between \$1.32 and \$1.37 a month for one-party business customers. The actual increase for each customer will depend upon their rate group.

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This filing will also increase non-basic telephone service rates (for services such as call forwarding and call waiting) by approximately 8 percent. Under the filing, the access charges paid by long-distance carriers to Verizon will be reduced, which should mean lower long-distance rates for customers. In addition, IntraLATA long-distance rates will drop by approximately 10 percent.

Missouri is divided into four LATAs (Local Access Transport Areas). They are: the 314, 573 and 636 area codes with the exception of the Columbia/Jefferson City market area; the 417 area code; the 816 and 660 area codes; and the Jefferson City/Columbia market area. An example of an IntraLATA long-distance call would be a call which originates and terminates within a LATA. Jefferson City to Columbia would be an example of an IntraLATA call.

These rate changes will take effect on December 29, 2000. Verizon serves approximately 305,768 telephone customers in Missouri.